MEDIA / ASX RELEASE

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KALONGWE PROJECT – DELIVERS SIGNIFICANT SCOPING STUDY OUTCOMES

HIGHLIGHTS

SUMMARY OF KEY STUDY OUTCOMES AND ASSUMPTIONS

*Project Net Present Value (NPV @ 10% discount rate)**	$77.9M
*Project Internal Rate of Return (IRR)**	81%
*Payback**	13 months
Capital Cost to Initial Production	$38.9 million ("M")
Operating Costs (per pound ("lb") Cu payable)	$1.01per lb ($1.38 per lb with transport costs included)
Production Target Profile	1.03 million tonnes per annum (''Mtpa") processed through Heavy Media Separation (''HMS'') plant
Total Sales Revenue	$397.3M
*Estimated average annual Copper ("Cu" or "Copper") production***	21,249 tonnes (''t'') (tonnes of Cu in concentrate)
LOM strip ratio (t:t)	1.52
Timeline to initial production	12-16 months from approval of Mining Licence
*Product Quality***	3.27% Cu avg. ore grade over LOM and: HMS concentrate grade >20% Cu

** Base Case is stated on a post-tax basis assuming 100% project at a Copper price of $3.00/lb. All amounts are in US dollars unless otherwise stated*

*** Forecast Cobalt grades will be defined in subsequent work on the Project.*

The Directors of Regal Resources Limited (**ASX:RER**) ("Regal" or "the Company") are pleased to announce the completion of the Study to assess the technical and economic feasibility of developing a HMS Stage 1 - starter project at the Kalongwe Project to produce a high grade Copper / Cobalt concentrate.

- The Scoping Study (the "Study") referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study

will be realised.

- Key mining and processing capital expenditure (''CAPEX'') and operational expenditure (''OPEX'') assumptions were based upon the independent Competent Persons experience with similar projects in the region. Cost estimates for mining, processing and general infrastructure were generated to an accuracy of ±35%.
- The Study results indicate potential for an economically viable, robust stand-alone project employing conventional mining and processing methods common in the Democratic Republic of the Congo (''DRC'') Copperbelt.
- The low capital cost, low operating costs and short payback period are the result of the high grade nature of the deposit, and the relatively simple mining and beneficiation process. Operating costs are in the lowest quartile of the cash cost curve.
- The Project Capital Intensity or Unit Capex of US$1,832/t p.a. is ~1/5th of Regal's peer average of ~$10,000t.
- The Study has highlighted multiple opportunities to improve the Kalongwe Project (''Project'') economics through mine pit and mine scheduling optimisation, transport savings and further market assessment for the sale of product.
- Significant opportunities to further enhance the Project economics include producing a higher grade Cobalt ("Co" or "Cobalt") concentrate and heap leaching of HMS reject material, conversion of Inferred resource category material to Measured or Indicated and by discovery and delineation of new resources through additional exploration activities within the Permit Area.
- The development of a heap leach and potential Stage 2 SX-EW would provide opportunities to extend mine life and to more effectively exploit the current resource of 302,000 t contained copper and 42,000 t contained cobalt.
- The Company is also in advanced negotiations to acquire an additional 30% interest in the Project.

David Young, the Managing Director of Regal, commented:

"The completion of a Scoping Study just some 15 months after the start of the Company's first drilling programme at Kalongwe represents a significant achievement for both Regal and the Kalongwe Mining JV. The outcomes of the Study greatly enhance the project's economic and development potential. Results confirm the Company's exploration strategy of identifying and securing an interest in very high grade Copper / Cobalt oxide deposits that have the potential to be developed as stand-alone, low CAPEX, open pit mining operations generating strong cash flows allowing for a very short payback period. And the results of the Study are considered to be especially robust as the outcomes are based on a Measured and Indicated JORC Mineral Resource estimate.

While we view the HMS processing option as an efficient and cost effective way to fast track the development of a mining operation, the Study has highlighted multiple opportunities to improve the project economics and to significantly extend the mine life. Studies are underway to evaluate transitioning from a starter Stage 1 HMS project to a longer mine life Stage 2 SX-EW development. In the shorter term the JV is looking to substantially improve further the project economics, by for example, reducing concentrate transport costs through a truck lease agreement, generating higher grade Copper and Cobalt concentrates and identifying alternative ways of marketing the product.

At a corporate level Regal is making good progress in moving towards finalisation of an agreement to acquire Traxys Europe's 30% interest in Kalongwe Mining that would take the Company's direct holding in the asset to 60%. The Company is also wanting to maximize value from any potential mine development at Kalongwe by entering into JV agreements covering some of the areas surrounding the Kalongwe permit considered to be highly prospective for similar types of deposits.

Kalongwe Mining has recently submitted an application to the DRC Mines Department to convert the Kalongwe Permit to a mining licence. While this process is underway the Board will be seeking consent from its JV partners to complete a bankable feasibility study."

Scoping Study Overview

The Study evaluation was independently managed by engineering consulting firm DRA Pacific Pty Ltd (DRA), with input from a range of specialist consultants with significant experience in project development in Africa, and the DRC, (Table 1).

Table 1: Specialist involvement in the Scoping Study.

Consultant	Study Input
DRA Pacific Pty Ltd	Study Manager / Process Plant / Infrastructure / Capital & Operating Costs (exc. Mining)
Orelogy	Mining/Mining Costs
Regal Resources Pty Ltd	Exploration Drilling Program
CSA Global Pty Ltd	Mineral Resource
Mintec	Metallurgical Testwork Laboratory
Miller Metallurgical Services Pty Ltd	Metallurgical Testwork Programme Design and Interpretation
Epoch Resources Pty Ltd	Tailings Storage Facility
M&M Partners	DRC Tax advice
Harch Services Pty Ltd	Financial Model
Traxys Europe SA	Marketing

The key considerations in the Study were a preliminary assessment of the preferred mining and processing design. The Study assessed three HMS plant size options, of varying throughput processing rates:

- **Option 1:** 1.0 Mtpa single module process plant,
- **Option 2:** 0.5 Mtpa operation increasing to a 1.0 Mtpa, and
- **Option 3:** 0.75 Mtpa operation increasing to 1.5 Mtpa.

GEOVIA Whittle™ ("Whittle") pit optimization studies were run for each option using a common set of financial inputs. Option 1 (1.0 Mtpa single module throughput) was selected as the 'Base Case' production scenario for the Study as it generated not only the highest NPV but also has the lowest level of Capital Costs and the potential to deliver the most cost effective production rate, and maximise cash flow.

The Study financial model was derived from an updated optimisation and LOM plan generated for the Base Case but using revised financial parameters in order to account for the sale of different HMS concentrate products to different end users. Traxys Europe SA (''Traxys") a metals trading company with significant experience of marketing mineral concentrates in the DRC, identified potential buyers within the Katanga Province for the concentrate product and provided indicative pricing information used in the Study as the basis for determining the sales revenue.

The mining evaluation assessments were based on the Mineral Resource estimate reported in February, 2015 (refer: ASX: RER, 5 February 2015). The Resource was reported in accordance with the Joint Ore Reserves Committee (''JORC'') Code (2012).

The final conceptual pit shell for the updated Base Case consists of approximately 58% Measured Resource and 42% Indicated Resource.

Processing design options were based on the results of initial metallurgical test work completed on composite drill core samples representative of the oxide mineralisation delineated in the resource. Results of the testwork indicate that a commercial sized HMS and spiral gravity separation plant would provide an effective means of beneficiating the Cu-Co oxide mineralisation, to produce a +20% Cu concentrate with significant Co credits.

Introduction - Project Overview

The Project is located in the Katanga Province of the DRC, towards the western end of the World Class, Central African Copperbelt and is approximately 45 km from the mining and processing service centre at Kolwezi, (Figure 1).

The Project Area can be accessed from Kolwezi, via a number of unsealed roads. Upgrading of offsite roads will be required to secure good all year round access to Kalongwe by heavy trucks.

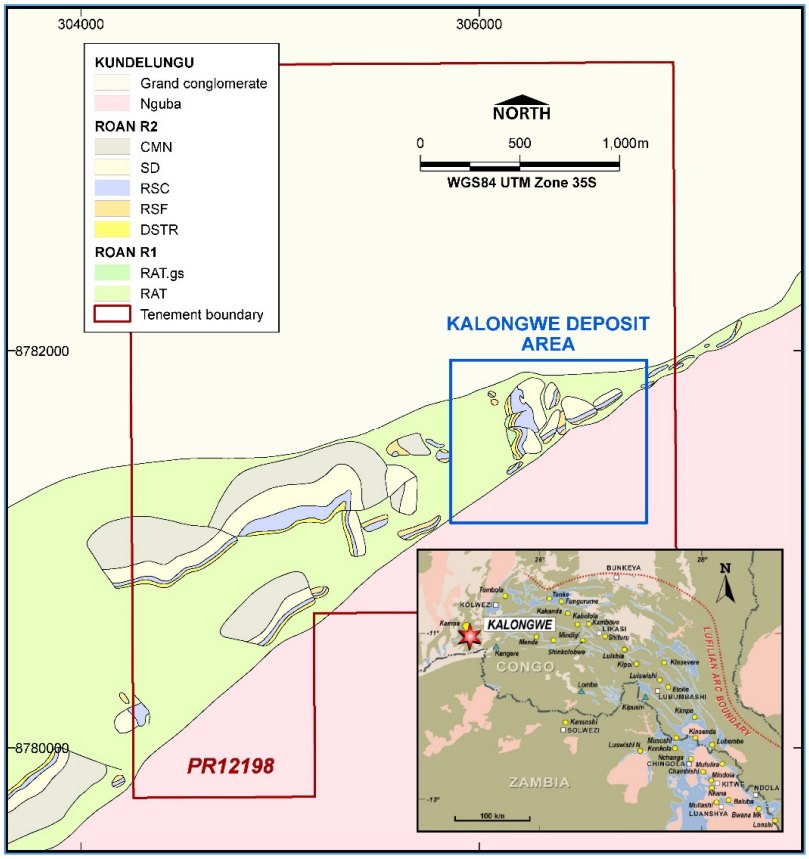


Figure 1: Geological map of PR 12198 showing the location of the Kalongwe Project and its location in context of the Central African Copperbelt.

Tenure

The Kalongwe deposit is situated within the Exploration Permit PR No. 12198 which covers an area of ten (10) carree(s). The ownership of the title of PR 12198 has been transferred from the original holder of the permit, La Generale Industrielle et Commerciale au Congo SPRL ('GICC'), to Kalongwe Mining SA ("Kalongwe Mining").

Kalongwe Mining is a company currently owned by Regal (30%), Traxys (30%) and GICC (40%). Under the terms of a binding agreement with GICC, Regal and Traxys have the right to acquire an additional 20% interest on completion of a bankable feasibility study.

Regal is in advanced negotiations with Traxys to acquire their 30% interest in the Kalongwe Project which would increase the Company's interest in Kalongwe Mining from 30% to 60% and result in Traxys becoming a significant shareholder in Regal.

Kalongwe Mining has submitted an application to the DRC Ministry of Mines to convert the exploration

permit (PR) to a mining permit (PE) as defined by the current DRC Mining Code.

Local Geology

The Kalongwe deposit is located within the R2 (Mine Series), part of the Lower Roan Group, (Figure 1). Drilling has confirmed that the geology of the deposit has characteristics typical of the majority of the stratabound Congolese Copperbelt type deposits which host over 90% of operating mines in the Katanga Province, DRC.

The R2 series rocks hosting mineralisation at the Kalongwe deposit are part of an "ecaille" fragment that extends for approximately 390 metres ("m") in strike, and 550 m in plan width. Mineralisation plunges from surface to 510 m down dip and reaches a sub-vertical depth of at least 260 m. The eastern limit of mineralisation is confirmed by drilling from the surface exposure of what has been interpreted to be the lower limb of a tight recumbent fold and the western extent appears fault bounded. The R2 rocks are not closed off at depth

The predominant secondary minerals in order of relative abundance are malachite, chrysocolla and azurite for Cu and heterogenite for Co. Broad zones of high-grade, coarse malachite mineralisation are found in veins and breccias, (Figure 2). The form of the malachite makes it especially suitable to being separated from gangue by crushing which allows for a more effective upgrade of Cu concentration by the HMS process.

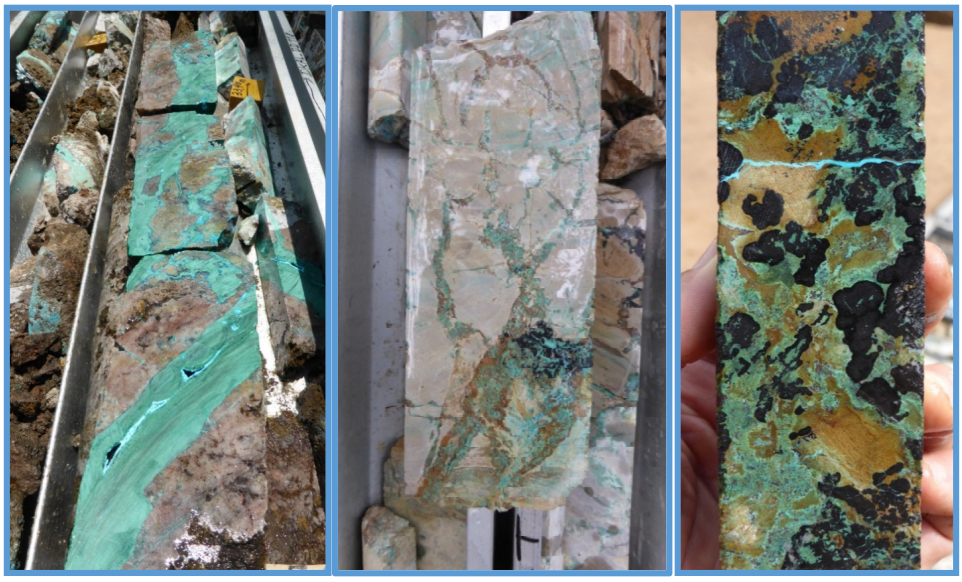


Figure 2: Style, mineral type and host rock examples - (LHS) void filling Cu-oxide mineralisation (malachite) in silicified stromatolitic ex-dolomite; (Centre) vein style mineralisation including malachite, chrysochola and heterogenite in fractures, weathered ex-carbonaceous siltstone; (RHS) botriodal high-grade Cobalt mineralisation, (width of core is 8cm).

Mineral Resource

The February 2015 Mineral Resource estimate used in the Study was prepared by CSA Global Consulting and reported in accordance with the JORC Code (2012), (Table 2).

Table 2: Kalongwe updated and revised JORC Mineral Resource estimate (February 2015).

Weathering profile	Domain	Measured	Indicated	Inferred	Total Tonnage (Mt)	Ave. Cu (%)	Ave. Co (%)	Tonnes Cu	Tonnes Co
Oxide	Cu Only[1]	1.24 Mt@ 3.35% Cu	2.45 Mt @ 2.27% Cu	1.24 Mt @ 1.60% Cu	4.94	2.37	-	117,200	-
	Mixed[3]	2.07 Mt @ 3.76% Cu	1.67 Mt @ 2.72% Cu	0.35 Mt @ 1.98% Cu	4.08	3.19	0.66	130,000	26,800
Primary	Cu Only[1]	-	1.20 Mt@ 2.65% Cu	0.41 Mt@ 1.63% Cu	1.61	2.39	-	38,400	-
	Mixed[3]	-	0.51 Mt@ 3.06% Cu	0.03 Mt@ 2.22% Cu	0.54	3.02	0.52	16,400	2,800
	Total Cu Domains	**3.31 Mt @ 3.61 % Cu**	**5.83 Mt @ 2.55 % Cu**	**2.03 Mt @ 1.70% Cu**	**11.17**	**2.70**	***0.27**	**302,000**	**29,700**
Oxide	Co Only[2]	0.37 Mt @ 0.66% Co	1.34 Mt @ 0.59% Co	0.38 Mt @ 0.43% Co	2.09	-	0.57	-	11,900
Primary	Co Only[2]	-	0.18 Mt @ 0.53% Co	0.02 Mt @ 0.43% Co	0.2	-	0.52	-	1,000
	Total Co Domains	**1.24 Mt @ 3.35% Cu**	**2.45 Mt @ 2.27% Cu**	**1.24 Mt @ 1.60% Cu**	**2.29**	**-**	**0.57**	**-**	**13,000**

Notes:

1. *The Cu only domains were reported by selecting blocks with Cu >= 0.5%.*
2. *The Co only domains were reported by selecting blocks with Co >= 0.2%.*
3. *The Mixed Domains (blocks located within overlapping Cu and Co domains) were reported by selecting blocks with Cu >= 0.5%. The Co grade from these blocks was also reported.*

   **It is assumed for the purposes of this Mineral Resource that Cu grades in the Co only domains, and Co grades in the Cu only domains are 0%, although low grade mineralisation was recorded in sample assays. Therefore the reported Cu% and Co% grades are diluted, where they are reported in the other domains.*

The revised and upgraded Mineral Resource is based upon data obtained from a total of ninety-eight (98) diamond drill holes, (16,471 m) that includes historic drill holes completed by Ivanhoe Mines as well as forty six (46) diamond holes drilled by the Kalongwe Mining Joint Venture in 2014 for a total of 6,072 m.

Drill coverage over the deposit is on a nominal 50 m x 50 m grid spacing which is adequate to give a sufficiently high level of confidence in grade distribution and geological continuity in the geological model such that the bulk of the oxide resource component of the deposit is classified as Measured or

Indicated categories.

The Measured Mineral Resource is located in the top 50 m below surface level with an average grade of 3.61%.

Mining

The conceptual mine plan developed by Orelogy was based on a Whittle optimised shell derived from the block model developed from the most recent Mineral Resources estimate. The mining schedule used the shell generated by the initial Base Case optimisation. It is smaller than the shell generated for the revised Base Case used to determine the Study project economic evaluation, and sub-optimal in terms of total material and ore inventory. The effect of this on the evaluation has been to present a conservative estimate that can be expected to be improved by further optimisation runs.

Although the optimisation process included Inferred material as a potential ore source, the final pit shell used contained Measured & Indicated Mineral Resource category material only.

The mining study assumes development of the Kalongwe deposit by employing conventional truck and excavator open pit mining methods, including drill and blast, load and haul. It is anticipated that mining will be undertaken by a contract miner utilizing a fleet of 40-50 tonne ("t") articulated dump trucks, being loaded by 90-110 t excavators. A mixed ancillary fleet will also be used to support load and haul operations.

The key mining and OPEX assumptions were based upon recent experience with projects in the region and are in line with comparable scale open pit operations in the DRC and Africa.

The open pit optimisation was completed using pit wall slope assumptions developed by geotechnical consultants George Orr and Associates.

Total material movement over the LOM is estimated at 13.0 Mt including 5.2 Mt of ore for a 1.52 LOM strip ratio. Over 97% of the material is classified as oxide. Strongly oxidised material is expected to be free dig and paddock scale drill and blast, required for the remainder of the material.

Processing

The required information to complete the process design, equipment selection and costing for the Base Case HMS plant option was based on the results of preliminary metallurgical testwork (refer: ASX announcements dated 7 August 2014). Miller Metallurgical Service (MMS) provided the interpretation of the test results for input to the plant design.

The plant design is conventional and well known and understood. The independent study manager (DRA) has specific recent experience and expertise in the construction, installation and operation of HMS plants to process Copper oxide ores for projects in the Congolese Copperbelt, with similar geology and mineralogy to Kalongwe. This experience includes the HMS plant at the Kipoi Copper Project for Tiger

Resources Ltd. Anvil Mining Ltd is a former ASX listed Company that operated an HMS and spirals at its Kinsivere Copper Project in Katanga, DRC.

The process flowsheet is summarised in Figure 3.

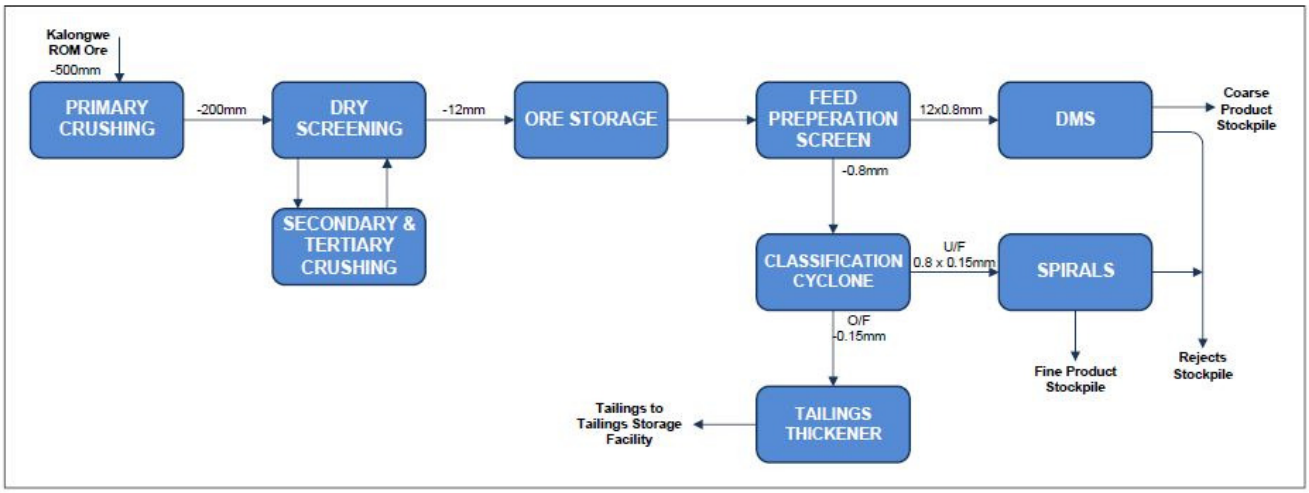


Figure 3: HMS plant process flow sheet for the Kalongwe Project.

The Base Case process facility assumes a 1 Mtpa capacity HMS plant with an average Run of Mine ("ROM") feed rate of 150 tonnes per hour (''tph'') and a maximum of 180 tph with no provision for future expansion.

Over the life of the Stage 1 mine, a total of approximately 2,470,000 t of HMS rejects will be produced with an estimated average grade of 1.35% Cu. This material represents a significant opportunity to improve the value of the Project by recovering Cu through a heap leach process.

Infrastructure

There are no existing services currently available on site to support the proposed development of the Stage 1- HMS processing option at Kalongwe. As a result the development of the project will require investment in a number of areas: an onsite power plant, road upgrades, camp / accommodation and water supply, (Figure 4).

The Study assumes that the mining contractor will be responsible for establishing all of the facilities required for all mining and mining fleet maintenance.

In the next few years the Kalongwe Project may benefit from an anticipated major upgrading of local infrastructure to support the development of Ivanhoe Mines' Kamoa Project (considered to be Africa's largest recent high-grade Copper discovery) that is situated approximately 20 km north of Kalongwe.

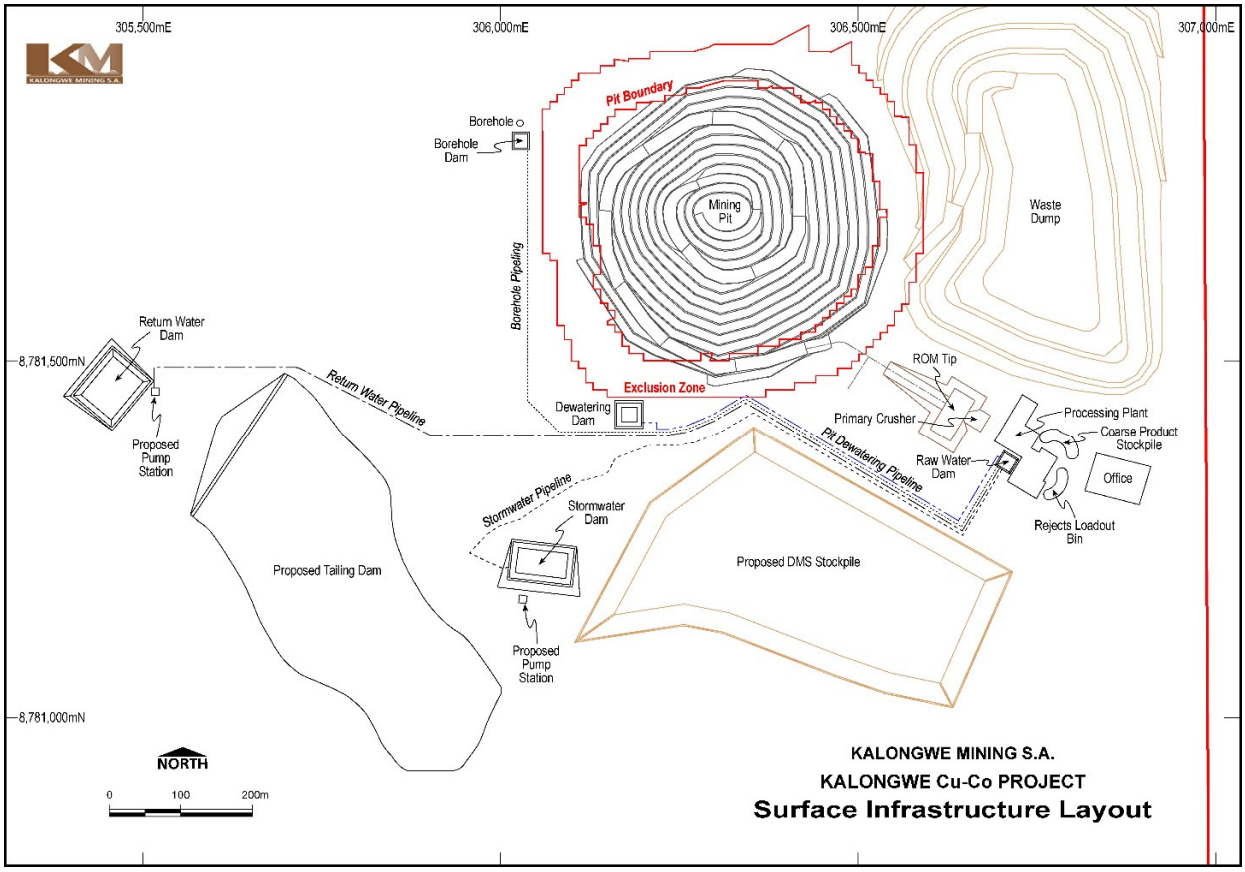


Figure 4: Shows the plant and site layout including the plant, plant services, infrastructure and mine layout.

Access roads - A provision will need to be made for the upgrade of the access road from Kolwezi to the mine site to handle the increased road traffic. The road would remain unsealed but be properly formed and compacted with appropriate drainage.

Power - The total installed power requirement for the 1 Mtpa processing plant is 1,503 kilowatts (''kW''). Power will be provided to the plant and other infrastructure by an onsite power plant (''OPP''). The power plant will consist of three diesel 800 kW generators and diesel fuel storage facilities.

Tailings Storage Facility (''TSF'') - Epoch Resources Pty Ltd (''Epoch''), a South Africa mining consultancy group specialising in management of mining residue have undertaken a conceptual TSF study and advised that the topography around the Project Area is well suited for the construction of a cross valley type impoundment TSF. Epoch has derived a set of CAPEX and OPEX costs assessed on their internal database and based on their experience on similar projects in the DRC.

Capital Costs

The capital development cost estimate for the Base Case project option is shown in Table 3. The costs are presented to an accuracy of ±35% for the processing plant and general infrastructure, and an accuracy of

±50% for the TSF.

The estimate for the process plant, infrastructure and mobile equipment was prepared by DRA. The TSF cost estimate was prepared by Epoch. Orelogy generated the estimate of mining preproduction costs. All capital costs associated with the mining fleet and associated infrastructure and maintenance are assumed to be to the account of the contract miner. It is assumed that these costs will be recovered by the contractor via the mining operating costs.

Table 3: Process plant capital cost estimate.

Area	US$M
Process Plant and Plant infrastructure	20.3
Tailings Storage Facility	3.5
General Infrastructure	3.8
Contractor Mobilisation and Mining Preproduction	4.0
Mobile Equipment	1.6
Owner's Costs	3.0
Statutory Costs	2.7
Total	**38.9**

** Note figures have been rounded.*

Operating Costs

The operating cost estimate for the Base Case project option is shown in Table 4.

Table 4: Project operating cost estimate.

Cost Area	US$/t Ore	US$/lb Cu Sold
Mining	10.16	0.40
Processing	9.23	0.36
General and Administration	4.06	0.16
Total Mine Site Cash Costs	**23.45**	**0.91**
Transport	9.42	0.37
Royalties	1.33	0.05
Statutory Costs	1.16	0.05
Total Cash Cost	**35.37**	**1.38**

** Note figures have been rounded.*

The estimate of mining costs was prepared by Orelogy and assumes that mining is undertaken by a contractor. A provision for Contractor Mobilisation and Mining Preproduction of US$4M has been included in the project development capital cost estimate.

DRA prepared the estimate of processing and general and administrative costs. Traxys and Regal generated the estimate of transport costs. Royalties and statutory costs were estimated by M&M Partners and Regal based on a review of the Mining Code (2002) and past experience in the DRC.

Regal expects that there is significant opportunity to reduce the forecast operating costs for the Project. In particular the forecast concentrate transport costs which are based on truck rental quotes using existing road conditions should be greatly reduced from an upgrading of access roads and through lease or owner operated options.

Financial Analysis

The Study has produced robust financial metrics including a post-tax, unlevered IRR of 81% and a NPV with a discount rate of 10% of US$77.9M.

The Company has run sensitivity analysis on a variety of Project parameters to ascertain any areas of increased risk and sensitivity to the projected returns. This analysis indicates the projected returns for the Project are most sensitive to changes in the received Copper price.

The Company ran various scenarios assuming a shift in received Copper prices ranging from a fall of 15% (equivalent to US$2.55/lb in real terms) to an increase of 15% in received price (equivalent to US$3.45/lb in real terms). This analysis shows that even in the downside scenario, the Project still delivers a post-tax NPV_{10} of US$50.9M with an unlevered post tax IRR of 59%, (Table 5).

Table 5: NPV Sensitivity - Copper Price.

Copper Price Sensitivity					
Cu Price Sensitivity	-15%	-10%	0%	10%	15%
Cu Price (US$/lb)	2.55	2.70	3.00	3.30	3.45
NPV 10% Discount Rate (US$M)	**50.9**	**60.1**	**77.9**	**96.2**	**105.4**

Changes to OPEX showed high levels of sensitivity to the underlying Project financial returns. The Company also included a sensitivity analysis of post-tax NPV to changes in OPEX ranging from a fall of 15% to a rise of 15% in underlying cost, (Table 6).

Table 6: NPV Sensitivity - OPEX.

OPEX Sensitivity					
Cu Price Sensitivity	-15%	-10%	0%	10%	15%
Operating Cost (US$/lb)	1.15	1.22	1.36	1.49	1.56
NPV 10% Discount Rate (US$M)	**91.6**	**87.0**	**77.9**	**68.9**	**64.3**

Conclusions and Future Work Programmes

The outcomes of this Study are considered by the board of Regal to be highly encouraging as they indicate that the Kalongwe Project, employing conventional mining and processing methods common for these types of Copper deposits in the Katangan Copperbelt, DRC, is technically sound and economically viable at current Copper prices and supports the development of an HMS Stage 1 starter project that has potential to generate strong positive cash flows that could support future growth and development of Regal.

A range of opportunities and alternatives to further optimise the Kalongwe Project and improve the economics have been identified and these will be assessed in future work programmes scheduled for this year.

Planned work will include a number of technical studies to optimise the pit design and mining schedule and refine the processing flow sheet. A review will be undertaken to identify savings in operating costs. Some of the options to be considered will include leasing or purchasing of trucks used to transport concentrate.

Earlier metallurgical testwork results indicated that a high proportion of Copper contained within gravity concentrates produced from samples of oxide ore is acid leachable, and further testwork is being considered to assess the heap leach potential of the HMS rejects.

A specific metallurgical testwork programme will also be conducted to determine a cost effective process design to produce a high grade Cobalt concentrate. Sale of such a product would be expected to result in a further significant improvement in the NPV of the Project.

On the risks side a hydrogeological investigation will need to be carried out to assess likely groundwater inflow rates accompanying establishment of a mining operation.

Competent Persons Statement

Scientific or technical information in this release that relates to Exploration Results has been prepared by Mr David Young and Dr Simon Dorling, the Company's Managing and Technical Directors. Mr David

Young is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and Dr Simon Dorling is a member of the Australasian Institute of Geoscientists (MAIG) and both have sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr David Young and Dr Simon Dorling consent to the inclusion in this report of the information, in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. David Williams is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this document relating to the Kalongwe Cu-Co Deposit Resource estimate is extracted from the Company's ASX announcement entitled *'Upgraded JORC Resource at Kalongwe 302,000t Copper and 42,700t Cobalt'* dated 5 February 2015 and is available to view on www.regalresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that, in the case of Mineral Resources or Ore Reserves, all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Assumptions on the process plant, infrastructure, capital & operating costs (excl. mining) as related to the broader Scoping Study are provided by Mr Clive Hart. Mr Hart is the CEO of DRA Pacific Pty Ltd, (Perth, Australia), and is a Member of the AusIMM. Mr Botha has sufficient relevant experience to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Reserves". Mr Hart has consented to the inclusion of this information in the document in the form and context in which it appears.

Assumptions on the metallurgical test work programme and interpretation as related to the broader Scoping Study are provided by Mr Graeme Miller. Mr Miller is a Director of Miller Metallurgical Services Pty Ltd, (Brisbane, Australia), and is a Fellow of the AusIMM CP. Mr Miller has sufficient relevant experience to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for

Reporting of Mineral Resources and Reserves". Mr Miller has consented to the inclusion of this information in the document in the form and context in which it appears.

Assumptions on the mining factors, operating costs and mine plan are provided by Mr Ross Cheyne. Mr Cheyne is the Managing Director of Oreology, (Perth, Australia), and is a Fellow of the AusIMM. Mr Cheyne has sufficient relevant experience to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Cheyne has consented to the inclusion of this information in the document in the form and context in which it appears.

Under the JORC Code (2012), Clause 9, consent has been sought and obtained, where applicable, from the Competent Persons listed above for any initial public release of information related to this report.

Cautionary Statement

Scoping Studies are commonly the first economic evaluation of a project undertaken and may be based on a combination of directly gathered project data together with assumptions borrowed from similar deposits or operations to the case envisaged.

This announcement has been prepared in compliance with the JORC Code 2012 Edition and the ASX Listing Rules. The Company advises the Study results and production targets reflected in this announcement are forecasts and estimates, and are preliminary in nature.

The results of the Study are based on lower-level technical and economic assessments, and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study will be realised.

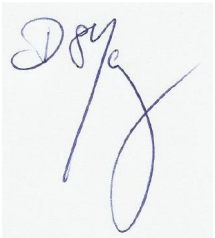
Results of the Study also demonstrate that the proposed Kalongwe Stage 1 Project is sensitive to operating costs, ore grade, concentrate grade and quality and Copper/Cobalt price. Changes in these key factors will have a material effect on the future economic performance of the Project.

Forward-looking Statements

This release contains statements that are "forward-looking". Generally, the words "expect," "intend," "estimate," "will" and similar expressions identify forward-looking statements. By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results, performance or achievements, or that of our industry, to differ materially from those expressed or implied in any of our forward-looking statements. Statements in this release regarding the Company's business or proposed business, which are not historical facts, are "forward looking" statements that involve risks and uncertainties, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address

future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made.



On behalf of the Board of Directors,

David Young
Managing Director

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